

ORIGINAL
STENOGRAPHIC TRANSCRIPT OF PROCEEDINGS

BEFORE THE

Illinois Commerce Commission

DOCKET NO. 00-0417

IN THE MATTER OF:

PF.NET, LLC
PF.NET NETWORK SERVICES CORP.

PLACE: Chicago, Illinois

DATE: July 12, 2000

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1 BEFORE THE
2 ILLINOIS COMMERCE COMMISSION

3 IN THE MATTER OF:)
4 PF NET, LLC)
5 PF NET NETWORK SERVICES CORP.)
6) No. 00-0417
7 Petition for Cancellation and)
8 Reissuance of Certificates of)
9 Service Authority to Provide)
10 Interexchange Services within)
11 the State of Illinois.)

12 Chicago, Illinois
13 July 12, 2000

14 Met, pursuant to notice, at 11:00 a.m.

15 BEFORE:

16 MS. DEBORAH KING, Administrative Law Judge

17 APPEARANCES:

18 SWIDLER BERLIN SHEREFF FRIEDMAN, by
19 MR. CHRISTOPHER DAY and
20 MS. KATHERINE ROLPH (via telephone)
21 3000 K Street
22 Northwest, Washington, D.C. 20007
 appearing for the applicant.

23 SULLIVAN REPORTING COMPANY, by
24 Rocio Garcia, CSR
25 License No. 084-004387

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I N D E X

Re- Re- By
Witnesses: Direct Cross direct cross Examiner

MR. PHILIP D. WRIGHT

4 8

E X H I B I T S

Number For Identification In Evidence

Applicant's 1 7

1 JUDGE KING: Pursuant to the authority of the
2 Illinois Commerce Commission, I now call Docket
3 No. 00-0417. This is the petition of PF Net LLC,
4 and PFF Net -- I'm sorry not PFF. PF Net Network
5 Services Corp. for a cancellation and reissuance of
6 certificates of service authority to provide
7 interexchange services within the state of Illinois.

8 May I have the appearances for the
9 record.

10 MR. DAY: Yes, my name is Christopher Day from
11 the law firm of Swidler Berlin Shereff Friedman,
12 counsel for the petitioner.

13 MS. ROLPH: Katherine Rolph also with Swidler
14 Berlin Shereff Friedman, we are located at 3000 K
15 Street, Northwest, Suite 300, Washington, D.C.
16 20007.

17 JUDGE KING: All right. We are here today to
18 conduct the evidentiary hearing in this matter and I
19 believe we have just the one witness Mr. Philip D.
20 Wright.

21 Could you raise your right hand.

22 MR. WRIGHT: It is Wright.

1 (Witness sworn.)

2 JUDGE KING: All right. Counsel you may
3 proceed.

4 MR. DAY: Thank you, Hearing Examiner King.

5 PHILIP D. WRIGHT,
6 called as a witness herein, having been first duly
7 sworn, was examined and testified as follows:

8 DIRECT EXAMINATION

9 BY

10 MR. DAY:

11 Q. Mr. Wright, please state your name and
12 business address for the record.

13 A. My name is Philip D. Wright. My business
14 address is PF Net Networks Services Corp, 4133
15 Jasmine Court, Wichita, Kansas 67226.

16 Q. Mr. Wright, what is your position with PF
17 Net Network Services Corp?

18 A. I am vice-president, legal of PF Net.

19 Q. Mr. Wright, could you please briefly
20 describe your background qualifications and previous
21 professional experience?

22 A. Yes, I graduated from law school in 1972 and

1 was admitted to the bar in the fall of that year.

2 In November of '72, I joined the United
3 States Army and served in the Army from November '72
4 till July '76. During part of that time, I served
5 as a judge advocate general officer which during --
6 or as a -- in that position, I did provide legal
7 services to members of the military and their
8 defendants.

9 That was not mentioned that was
10 inadvertently deleted in my prefiled testimony but
11 that is when my legal career started and I do want
12 to make that clear.

13 I joined Coke industries in the summer of
14 1976 after I left the army. I joined the legal
15 staff there and served as a -- primarily as a
16 general commercial attorney with emphasis on
17 pipeline acquisitions. And in 1980, I became the
18 manager of the right-of-way department and in that
19 position, I oversaw all right-of-way acquisition. I
20 had responsibility for all the records and I
21 provided all the legal services to the group.

22 We had in the neighborhood of about

1 50,000 miles of pipeline. Well, in fact, it grew
2 from about 15,000 to 50,000 during the time I was a
3 right-of-way department manager.

4 In, I guess, January of 1998, I excepted
5 a transfer to the -- back to the legal department of
6 Coke industries and served as a general attorney for
7 Coke with emphasis on right-of-way related matters.
8 And then in -- let's see, March or April of this
9 year, I joined PF Net as vice-president of legal.

10 And I am a graduate of Knox College in
11 Galesburg, Illinois and I have a bach- -- yeah, a
12 bachelor of arts degree from Knox and a Juris Doctor
13 degree from Washington University.

14 Q. Mr. Wright, do you have with you today a
15 copy of the document entitled, Testimony of
16 Philip D. Wright which is filed in support of the
17 petition that is the subject of this proceeding?

18 A. I do.

19 Q. Mr. Wright, was that document prepared by
20 you or under your direction?

21 A. It was.

22 Q. Mr. Wright, if I were to ask you the

1 questions that are contained in that document today,
2 would your answers be the same or if not, do you
3 have any corrections to make other than those
4 corrections which we previously discussed with
5 regard to your previous professional experience?

6 A. Yeah, I have no other corrections to be made
7 and my testimony would be substantially the same.

8 MR. DAY: Hearing Examiner King, I have no
9 further questions for the witness.

10 I believe we stipulated before that the
11 prefiled testimony would be marked as Exhibit 1 and
12 I would just ask, if not already admitted, that PF
13 Net LLC and PF Net Service Corp. which was filed
14 with the Commission on June 14 also be admitted to
15 the record if it has not already been done so.

16 JUDGE KING: All right. I would indicate for the
17 record that Applicant's Exhibit 1 the prefiled
18 testimony of Mr. Wright is hereby admitted into the
19 record.

20 (Whereupon, Applicant's
21 Exhibit No. 1 was
22 admitted into evidence.)

1 MR. DAY: Thanks, Hearing Examiner King.

2 JUDGE KING: Okay. And you're tendering the
3 witness for cross?

4 MR. DAY: Yes.

5 JUDGE KING: Okay. Now, I just have a few
6 questions.

7 EXAMINATION

8 BY

9 JUDGE KING:

10 Q. I guess, as a preliminary question, I need
11 to ask whether or not -- well, let me ask this: I
12 see from the application that you are in the process
13 of building a facility here in Illinois?

14 A. The construction is not underway in Illinois
15 at the present time. We have not started
16 construction.

17 Q. Okay. And do you foresee that this
18 construction will start within this year?

19 A. It's not anticipated that we will start
20 construction in this calendar year.

21 Q. Okay. Well, then I see from your
22 application that you've indicated that you would be

1 seeking not only interexchange authority but local
2 exchange authority.

3 I think that perhaps you would want to
4 amend your application just to provide for resold
5 interexchange services at this time?

6 It doesn't appear that you are ready at
7 this point to be able to provide the proper
8 documentation to show that you can -- you would be
9 able to provide proper local exchange services.

10 A. We certainly would be willing to reconsider
11 that.

12 I would like to consult with Mr. Day and
13 Ms. Rolph.

14 Q. Okay.

15 A. We would certainly --

16 JUDGE KING: I mean, we can go off the record for
17 a moment.

18 THE WITNESS: Sure.

19 (Whereupon, a discussion
20 was had off the record.)

21 JUDGE KING: We've had a brief discussion off the
22 record concerning the request for certification and

1 counsel for the applicant has indicated that it is
2 only seeking that authority which previously has
3 been issued to PF Net LLC under Docket 99-0348, is
4 that not correct?

5 MR. DAY: Yes, that's correct.

6 JUDGE KING: Okay. So let the record reflect
7 that the application of which has been filed with
8 the Commerce Commission should be amended to, in
9 fact, withdraw that authority requested which has
10 not previously been granted to PF Net LLC.

11 Okay. With that being said, I have a few
12 other questions for you Mr. Wright

13 BY JUDGE KING:

14 Q. I would ask you, does the parent company PF
15 Net Holdings Limited provide telecommunications
16 services or is it strictly a holding company?

17 A. It is a holding company.

18 Q. Okay. And would PF Net Network Services
19 Corp. then have any affiliation with any of the
20 other companies which provide telecommunication
21 services?

22 A. It would not.

1 Q. All right. And your corporate offices are
2 in the state of Washington?

3 A. That's correct.

4 Q. And is that where you intend to maintain
5 your books and records?

6 A. Yes.

7 Q. Okay. Now, would there be any complaints
8 pending currently against PF Net Network Services
9 Corporation in any other states where it is
10 providing telecommunications services?

11 A. I'm not aware of any complaints.

12 Q. Okay. And you have indicated in your
13 application that you would comply with Illinois law
14 and with FCC regulations regarding unauthorized
15 slamming or switching of customers; and I would just
16 ask you, do you have any specific procedures in
17 place at this time that would guard against such
18 activity occurring?

19 A. We have no specific process or procedures in
20 place at the present time.

21 Q. And would your company be willing to either
22 allow for third party verification of any customer

1 orders or would it be willing to provide letters of
2 authorization to verify that customers, in fact,
3 have voluntarily decided to change their service to
4 your company?

5 A. We would be willing to provide such proof as
6 may be reasonably required. We would, of course,
7 prefer to provide the evidence without the need for
8 a third party but if we could -- if that would be
9 required and we could get the proper confidentiality
10 procedures in place, we'd certainly be willing to do
11 that.

12 MR. DAY: Hearing Examiner King, if I may
13 interject.

14 JUDGE KING: Mm-hmm.

15 MR. DAY: PF Net is not currently providing
16 service in the state of Illinois. But, you know, to
17 the extent that when they are ready to do that, they
18 will comply and I am sure Phil will agree with any
19 of ICC's rules and regulations or FCC rules and
20 regulations in effect.

21 BY JUDGE KING:

22 Q. Okay. I would ask then, how does the

1 company intend to solicit customers here in
2 Illinois?

3 A. Well, I expect that we will place personal
4 visits to potential customers, telephone
5 solicitation primarily. We don't anticipate
6 solicitation to the public in general. We will
7 probably focus ourselves efforts on large customers
8 and so I imagine we will deal with most of them
9 personally.

10 Q. Okay. All right. Now, you have indicated
11 in your application that the parent company would be
12 financing PF Net Network Services Corporation's
13 business here in Illinois?

14 A. I'm sorry. I didn't hear your entire
15 question.

16 Q. I believe that you had indicated in your
17 application that the parent company would be
18 financing the PF Net Network Services business here
19 in Illinois?

20 A. That's correct.

21 Q. And it's your testimony here today that PF
22 Net Network Services Corporation would have

1 sufficient finances to be able to conduct its
2 business here in Illinois?

3 A. That is correct.

4 Q. And your company would provide Illinois
5 customers with -- scratch that.

6 Will your company provide Illinois
7 customers with the opportunity to inquire about
8 billing and service problems on a 24-hour basis?

9 A. Yeah, we -- yes, ma'am.

10 Q. Okay. And will you have personnel available
11 to assist any customers with any type of repair
12 complaints?

13 A. Yes, ma'am.

14 JUDGE KING: I have no further questions.

15 Is there anything further that you would
16 like to add to these proceedings?

17 MR. DAY: No, Hearing Examiner King, I don't
18 think we have any redirect.

19 JUDGE KING: All right. Let me just take one
20 more minute.

21 Can we go off the record for a moment.
22

1 (Whereupon, a discussion
2 was had off the record.)

3 JUDGE KING: I have no further questions.

4 Was there anything further that you
5 wanted to add?

6 THE WITNESS: Are you directing the question to
7 me or my counsel?

8 JUDGE KING: Well, to counsel. If there is any
9 redirect or --

10 MR. DAY: We have no further redirect.

11 Mr. Wright, if you'd like to make a
12 closing statement.

13 THE WITNESS: Okay. Just briefly.

14 We would like to state that the grant of
15 the instant petition will be in the public interest
16 because it will bring more services to the public,
17 enhance competition in the telecommunications
18 industry and will allow the applicants to manage
19 their telecommunication operations more efficiently
20 thereby enhancing their operation and flexibility
21 and efficiency as well as their financial liability.

22 Hearing Examiner King, on behalf of PF

1 Net LLC and PF Net Network Services Corp., we thank
2 you for your time and attention in this matter. And
3 we look forward to receiving the Commission's order.

4 JUDGE KING: All right. I thank you and I
5 believe that everything appears to be in order, and
6 I will be recommending that the petition be granted.

7 I will then bring this matter to a close
8 here today. I'll ask that the record be marked
9 heard and taken. And I thank you everyone for their
10 participation and I'll get this on the next possible
11 agenda.

12 HEARD AND TAKEN
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Rocio Garcia
Reporter.